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SUBJECT: STAFFDEL MEACHAM -- NGO COMMUNITY HEALTHY AND VIBRANT IN CHILE

REF: SANTIAGO 2269

11. (SBU) SUMMARY: Senior Senate Foreign Relations Committee Staff Member Carl Meacham met with Chileans across the political spectrum October 25-27 to discuss challenges facing Non-Governmental Organizations (NGOs) in Chile. NGO representatives emphasized there is freedom to operate and no onerous bureaucratic requirements. Many noted, however, that securing scarce financing and responding from the bottom up to growing citizen needs are among the NGOs' most pressing issues.

12. (SBU) NGOs agree progress is being made, but much more is possible. The GOC's executive branch seeks to expand citizen influence in government decisions and NGO leaders want more dialogue on how to achieve this objective. Many argue that the Congress' over-reliance on party-affiliated foundations and think tanks limit their Members' ability to respond to constituent wishes (Congressmen and Senators have few advisors and personal staff). Moreover, donations to non-profit organizations have been on the decline since the implementation of a new law that increased the government's role in distributing charitable contributions (30 percent of a tax deductible donation goes to a GOC-controlled common fund that is distributed to other charities.) END SUMMARY.

13. (SBU) During a packed three-day program (October 25-27), Senior Latin America SFRC Staff Member Carl Meacham discussed the challenges facing NGOs in Chile. Meacham met with Corporacion Proyectamerica, Fundacion Jaime Guzman, Instituto Libertad y Desarrollo, Center for Justice Studies of the Americas (CEJA), Fundacion Chile 21, Participa, and Fundacion Paz Ciudadana. Meacham also met with Foreign Minister Foxley (reftel) and political party leaders, notably Renovacion Nacional's Sebastian Pinera, Party for Democracy (PPD) President Sergio Bitar, Christian Democratic International Relations Chief Esteban Tomic and President Bachelet's advisors for International Relations and Social Development.

14. (SBU) In addition to a dinner hosted by the Ambassador, Meacham participated in several public outreach activities: sharing his career experience with Chilean youth leaders, addressing think tank analysts, engaging the press (radio and print) in a roundtable discussion, and conducting an interview on the Embassy's radio network.

NGOs Operate Freely, Compete for Funding

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15. (SBU) Former Senator Antonio Viera Gallo, who now heads NGO Proyectamerica, told Meacham that NGOs function without impediments in Chile. While there are some conflicts between the government and environmental NGOs (e.g., pending defamation charges), Viera Gallo said there is no persecution of NGOs that hold views different from those of the government. Viera Gallo acknowledged that many think tanks and foundations have ties to political parties, but this support is not automatic and that such NGOs do criticize the government.

16. (SBU) Viera Gallo noted that NGOs can register as non-profit "foundations" or "corporations" and receive tax exempt status. The most pressing issue is financing. Many NGOs depend on foreign funding or private contributions. Following the end of the Pinochet dictatorship, millions of dollars in funding from the United States and Europe dried up. Viera Gallo explained that many NGOs also rely on government bid contracts, producing products or services for the government. He said there are companies dedicated exclusively to proposal writing.

17. (SBU) The former Senator noted that Chileans participate in many organizations and volunteer groups, but tend not to make financial donations. Viera Gallo described civil society as weak, largely because of the excessive reliance on a strong executive branch, the Catholic Church and private companies. He added that NGOs are an Anglo-Saxon phenomenon, emphasizing that there are many in the United Kingdom and United States, but few NGOs in France, Spain, and Portugal.

#### Conservative Think Tank Leery of NGOs Independence

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18. (SBU) Fundacion Jaime Guzman's Legislative and Public Policy

Advisors Beatrice Corbo and Nicolas Figari expressed concerns about the independence of NGOs affiliated with the ruling Concertacion government. The two advisors stated that NGOs on the left are well organized and receive financing from Europe, notably France and Belgium, and to a lesser extent Mexico. They noted that Members of Congress have limited staff, which has increased their reliance on party-affiliated think tanks and foundations for information and analyses. While Concertacion-affiliated NGOs are often invited to comment on the GOC's legislation at Congressional hearings, Fundacion Jaime Guzman is seldom invited.

¶9. (SBU) While there is more transparency than 10 years ago, Corbo and Figari cautioned that there is a perception of widespread corruption, as demonstrated by the recent Chiledeportes scandal in which administrators allegedly funneled funds to Concertacion electoral campaigns. They also expressed disappointment over a new Donations Law, which has had the effect of discouraging private donations to non-profit organizations (affecting more NGOs on the right, than the left). Under the law, 30 percent of a private donation is earmarked for a government's common fund, and not the intended recipient.

#### Government Seeking to Increase Citizen Participation

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¶10. (SBU) In Meacham's meeting with Francisco Estevez, Director of the Social Organizations Division at La Moneda, Estevez noted that President Bachelet wants to expand the participation of civil society in decision making -- one of her top campaign promises. As part of this effort, Estevez highlighted a \$1.8 million fund for strengthening social development organizations. The GOC assigns sums of money to NGOs involved in development projects based on a competitive bid process.

¶11. (SBU) Estevez cautioned that reforms aimed at increasing citizen participation take time and are difficult to implement. He stated that Chile has a strong executive with a top-down framework emanating from Pinochet's 1980 constitution. Compared to other countries, Chile is behind in revising its constitution, he said. Chileans do not have the right to hold plebiscites, referendums, and

there is no ombudsman, but this could change under the Bachelet administration.

¶12. (SBU) When Meacham raised the issue of declining donations to non-profit organizations, Estevez defended the government's new law on donations. Estevez argued that it is not fair, for example, that a company makes a tax-deduction donation that benefits only one entity when there are more needy recipients. The 30 percent allocation to a common fund and distribution by the government is more beneficial to society. To justify the new law, he added that Chilean firms pay only about one-tenth the income taxes of their U.S. counterparts.

#### Being Non-Partisan in a Partisan World

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¶13. (SBU) Gonzalo Vargas, Executive Director of Fundacion Paz Ciudadana, said that while his NGO receives approximately 80 percent of its funding from private sources, its Board of Directors is a mixture of all major parties in Chile. His NGO is non-partisan, but many perceive it to be right-leaning (it was founded by El Mercurio owner Agustin Edwards). When the government selected one of his senior assistants to become the new Under Secretary overseeing the Carabinero police, several pundits expressed surprise given his organizations rightist credentials. Vargas credited Paz Ciudadana's five-year effort in convincing the government to quantify and publicize levels of common crime in Chile.

¶14. (SBU) Vargas also criticized the new Donation Law, arguing it hurts well-known organizations such as the Municipal Theatre and the Catholic Church-affiliated Hogar de Cristo. Vargas supported the idea that donors should be able to provide full funding to the NGO of their choice without government direction.

#### Raising Awareness with Consultative Processes

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¶15. (SBU) Executive Director Andrea Sanhueza described Corporacion Participa as an independent NGO with no political party affiliation.

It has a budget of approximately USD\$1 million budget per year, 70 percent of which comes from foreign sources (USAID, Canada, Holland, UK) and 30 percent from local financing (competitive government contracts). Participa spends much of its time raising public awareness through workshops and organizing forums for the public to examine proposed legislation. The NGO recently established a consultative process (financed by the GOC and Inter-American Development Bank) that formalized input from local residents on how to improve the port city of Valparaiso. Sanhueza indicated that Chile has improved incorporating views from civil society, but there is still more to be done.

#### Lagos-Affiliated Foundation Training Young Leaders

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¶16. (SBU) Executive Director Maria de los Angeles Fernandez explained that 15 years ago then-Presidential hopeful Ricardo Lagos created Fundacion Chile 21. A temporary institution became a permanent and respected foundation with ties to Brazil, Uruguay, Argentina, and Europe, notably France and Germany. Through its legislative and international studies, Chile 21 seeks to meet growing demands from Chile's citizenry, which is increasingly well educated. Fernandez noted that Chile 21 recently hosted for the first time Chile's Army Commander, offering a "meeting space" for such events. The foundation has trained some 55 youth leaders, 15 of whom now have positions in the Bachelet government. Fernandez agreed that there is no culture of philanthropy in Chile and that a major concern of NGOs is financing.

#### Successful Visit and Outreach Activities

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¶17. (SBU) Comment: Consistent across the political spectrum, Chilean NGOs highlighted the need for greater citizen participation from below with less political party influence. They also promoted better coordination to ensure their democracy serves a larger mass of Chilean citizens.

¶18. (SBU) Utilizing his flawless Spanish and knowledge about the country, Carl Meacham impressed his Chilean audiences and advanced our interest in promoting mutual understanding and strengthening civic society within Chile. Post very much appreciated Meacham's willingness to participate in public outreach activities with Chilean youth leaders, political analysts, and media, which highlighted the perceptions of Chile from a U.S. Congressional vantage point.

¶19. (U) Carl Meacham cleared this message.

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